

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Union Pipeline Company
(California) for Authorization to Remove Line
#352 from Public Utility Service and to Reflect
Such Removal by Deleting Certain Receipt and
Delivery Points From Its Tariff.

Application 04-10-017
(Filed October 12, 2004)

O P I N I O N**1. Summary**

Union Pipeline Company (California) (hereinafter referred to as UNOCAP) seeks authorization to remove its Line #352 from public utility service and to modify its tariff to reflect the removal. The application is unopposed. The application is granted.

2. Background

UNOCAP, formerly Unocal California Pipeline Company, is a pipeline company owned by ConocoPhillips Company and is subject to the jurisdiction of this Commission under Pub. Util. Code § 216. It owns and operates a pipeline system that gathers and transports crude oil in the counties of Alameda, Contra Costa, Fresno, Kern, Kings, Los Angeles, Merced, Orange, San Joaquin, San Luis Obispo, Santa Barbara, Stanislaus and Ventura.

Pursuant to Pub. Util. Code § 851 and Rule 35 of the Commission's Rules of Practice and Procedure, UNOCAP seeks authority to remove its Line #352 from service. The company originally sought authorization through an advice letter filing, but the Commission's Energy Division advised that a formal

application with broad notice to cities and other entities was a more appropriate procedure

Line #352 is located in Santa Barbara County and was once used to gather and transport crude oil from various wells in the Santa Maria District to the Santa Maria Pump Station. The line, which is also known as the Bell Line, totals 12.86 miles and consists of 0.2 miles of 4-inch diameter pipe with a capacity of 16 barrels; 3.76 miles of 6-inch pipeline with a capacity of 723 barrels; 6.20 miles of 10-inch pipeline with capacity of 3,341 barrels; and 2.70 miles of 12-inch pipeline with a capacity of 2,078 barrels. The line was constructed and placed into service in 1928. The cost of these facilities at the time of construction was \$370,040, and the total remaining undepreciated cost of the facilities at the end of 2003 was \$62,298.

Applicant states that the wells served by Line #352 are largely depleted. No oil has been shipped through the line since April 1, 2002. Instead, what production that is available from the wells is now being trucked by shippers to UNOCAP's Santa Maria Station or to other locations. Applicant states that, with the decrease in production from the wells, trucking offers a more efficient and cost-effective method of shipping the crude oil to market. Applicant states that the removal of the line from service will not create hardships or inconvenience shippers.

With the depletion of the wells served by Line #352 and the use of trucks to transport crude oil to market, applicant states that there is no current or projected use of Line #352. Furthermore, the line is more than 75 years old. Accordingly, UNOCAP seeks to remove the line from service and to modify its tariffs to show this change in status.

Consistent with good oil field practice, UNOCAP has requested approval of the state fire marshal to abandon the line. UNOCAP proposes to purge Line #352 with nitrogen and bleed off the pressure, cut and cap the ends and any tie-in points, and leave the voided line in place.

UNOCAP proposes to modify its tariff to reflect the removal of the line. It will modify CAL P.U.C. tariff Original Sheets 28-0 and 29-0 and its tariff checking sheet, Original Sheet No. 2-0, to delete receipt points from the Santa Maria and Cat Canyon Fields.

3. Discussion

Exhibits attached to the application describe the line closure in more detail and show that the procedure for removal of the line is consistent with good oil field practice. Notice of the proposed removal has been served on other pipeline companies and refineries, affected cities, and state and federal agencies.

Pub. Util. Code § 851 requires Commission authorization for the disposition of public utility facilities. The purpose of this and related sections is to enable the Commission, before any removal of public utility property is consummated, to review the situation and to take such action as the public interest may require. (*San Jose Water Co.* (1916) 10 CRC 56.)

The proposed line abandonment here recognizes that Line #352 is no longer necessary for the company's pipeline service. No changes in existing services are proposed. There have been no protests to this application, and the contemplated action appears to be noncontroversial.

The California Environmental Quality Act (CEQA) requires that we consider the environmental consequences of projects that are subject to our discretionary approval. (Cal. Pub. Resources Code §§ 21000, *et seq.*, § 21080.)

The application requests that the Commission find that CEQA does not apply to the activity in question because it can be seen with certainty that there is no possibility that removal of Line #352 from public utility service and its abandonment in place will have a significant effect on the environment. (Cal. Code of Regs., Title 14, CEQA Guidelines § 15061(b)(3).) In support of that request, the application indicates that the pipeline is underground in largely rural and agricultural areas. Activity to remove the line from service and abandon it in place requires that the line be purged with nitrogen and cut and capped in certain locations. The application indicates that minor excavation necessary to cut and cap the pipeline requires only light equipment and would be done in areas that have already been disturbed. Further, the activity can take place only upon State Fire Marshal approval of a plan complying with its requirements to take a line out of service and abandon the line. That plan must comply with standards for the process involved, as well as future maintenance and inspections. Line #352 will be left in place and once abandoned cannot be returned to hazardous liquid service pursuant to State Fire Marshal regulations. Staff has confirmed with the State Fire Marshal's Office that its compliance requirements to remove a line from service and/or abandon a pipeline ensure avoidance of any potential significant effect on the environment as a result of the activity. The activity is thus exempt from CEQA review by the State Fire Marshal.¹

¹ Environmental staff telephone confirmation with Bob Gorham of the Lakewood State Fire Marshal's Office, February 4, 2005.

ased on this information, we find that with approval and implementation of State Fire Marshal procedures for removal and abandonment of Line #352, it can be seen with certainty that the activity will not have a significant effect.

4. Categorization and Need for Hearings

In Resolution ALJ 176-3141, dated October 28, 2004, the Commission preliminarily categorized this proceeding as ratesetting, and preliminarily determined that hearings were not necessary. Based on the record, we conclude that a public hearing is not necessary, nor is it necessary to alter the preliminary determinations in Resolution ALJ 176-3141.

The application is granted, subject to the terms and conditions set forth below.

5. Comments on Draft Decision

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

6. Assignment of Proceeding

Susan P. Kennedy is the Assigned Commissioner and Glen Walker is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. Notice of this application appeared in the Commission's Daily Calendar of October 29, 2004.
2. Applicant seeks approval pursuant to Pub. Util. Code § 851 to remove its Line #352 from public utility service and to reflect the removal in its tariffs.
3. The removal of Line #352 recognizes its lack of use and will not affect applicant's services or operations.
4. Removal from service and abandonment in place of Line #352 requires implementation of State Fire Marshal procedures for the activity as well as future maintenance and inspections of the line.

5. Once abandoned, Line #352 cannot be returned to hazardous liquid service pursuant to State Fire Marshal regulations.

6. StateFire Marshal procedures to purge, cut and cap the line ensure the activity will not have a significant effect on the environment.

7. CEQA Guideline § 15061(b)(3) provides that a project is exempt from CEQA review if it can be seen with certainty that the activity will not have a significant effect on the environment.

Conclusions of Law

1. The proposed removal of applicant's Line #352 is not adverse to the public interest.

2. With implementation of State Fire Marshal requirements, removal of Line #352 from service and abandonment in place will not have a significant effect on the environment consistent with CEQA Guideline § 15061(b)(3) and no CEQA review is required by this Commission.

3. This proceeding is designated a ratesetting proceeding; no protests have been received; no hearing is necessary.

4. The application should be approved.

O R D E R

IT IS ORDERED that:

1. Union Pipeline Company (California) is authorized pursuant to Section 851 of the Public Utilities Code to remove its Line #352 from public service and to amend its tariffs accordingly, as more fully described in the application and its exhibits.

2. Physical activity to remove Line #352 from public utility service and abandon the line in place shall not begin until State Fire Marshal approval has been granted.

3. Applicant shall notify the Director of the Commission's Energy Division in writing of the closure of Line #352, as authorized herein, within 10 days of the date that closure is completed.

4. Applicant shall make all books and records available for review and inspection upon Commission staff request.

5. The authority granted herein shall expire if not exercised within one year of the date of this order.

6. Application 04-10-017 is closed.

This order is effective today.

Dated _____, at San Francisco, California.